

Adopted at Meeting of 5/ 2/74

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY
RE: ESTABLISHMENT OF FAIR MARKET VALUE IN
WATERFRONT URBAN RENEWAL PROJECT - MASS. R-77

WHEREAS, the governing body of the Authority (the Board) at a regular meeting on April 19, 1973, adopted a Resolution, entitled "Resolution of the Boston Redevelopment Authority Relative to the Establishment of Fair Market Value for Properties to be Acquired", and

WHEREAS, the parcels were appraised by at least two independent fee appraisers, were reviewed by staff appraisers, and the values recommended by the Real Estate Director and concurred in by the General Counsel;

NOW, THEREFORE, BE IT RESOLVED BY THE BOSTON REDEVELOPMENT AUTHORITY: THAT, the Fair Market Value of the parcels listed below are hereby established:

<u>Parcel No.</u>	<u>Owner</u>	<u>Price</u>
104B-3B	General Land Corp.	\$280,000
85-4	Sidney M., Richard A., and Frederick Bird, Trustees Bayside Realty Trust	\$113,000

Title to each parcel, when acquired, is to be in fee simple, free and clear of all reservations, encumbrances, and other exceptions to title, except:

1. Liens for any taxes that are not payable at the time of vesting title in the Local Public Agency.
2. Easements or other outstanding interests that have been designated as parcels to be acquired separately.
3. Easements or other interests that under the Urban Renewal Plan are not to be acquired.
4. Reservation of interests or rights, if any, in the former owner, if authorized and in accordance with Department of Housing and Urban Development policies and regulations.

None of the parcels covered by this request is now owned, nor was owned at any time after the Local Public Agency filed its first application for Federal assistance for, or Federal concurrence in, the Project, by (a) the Local Public Agency, (b) a member of its governing body, (c) an officer or employee of the Local Public Agency who exercises a responsible function in carrying out the Project, (d) the local government, (e) the Federal Government, or (f) a public entity or nonprofit institution which acquired the property from the Federal Government for a nominal consideration at a discounted price.

(X) No exceptions () Except the following parcels:

COMMENTS

PROJECT: WATERFRONT MASS. R-77

Certificate No. 1

PARCEL NO. 85-4

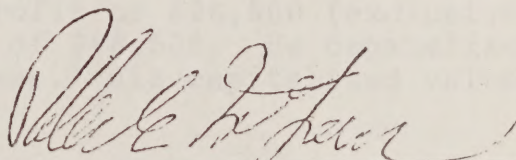
Assessment	\$ 60,000
First Appraisal	117,000
Second Appraisal	113,000
Rec. Max. Acq. Price	\$113,000

This property is a public parking lot, located at the corner of Richmond and Commercial Streets. The lot contains approximately 21,397 sq. ft. of land. The licensed capacity is 65 cars. The appraisers estimate that the lot can accommodate over 90 cars. The daily parking rate is \$1.50.

The first appraiser gives consideration to the comparable sale approach to value, but relies mainly on the Income Approach. He estimates gross receipts of \$35,625, which develops a net income of \$11,723 which he capitalizes at 10%.

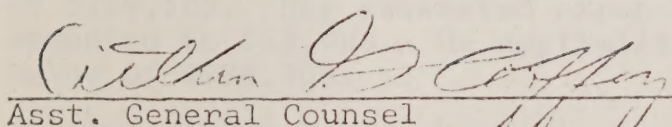
The second appraiser likewise considers the Comparable Sales and Income Approaches to value. He, too, gives greater weight to the Income Approach. He estimates gross receipts of \$34,125 and an estimated net income of \$11,286 which he capitalizes at 10%.

A value of \$113,000 is recommended.



Robert E. McGovern
Real Estate Director

Concurred in by:



Asst. General Counsel

COMMENTS

PROJECT: WATERFRONT MASS. R-77

Certificate No. 1

PARCEL NO. 104B-3B

Assessment	\$350,000		
First Appraisal	297,000	(1974)	J. Kiley
Second Appraisal	130,000	(1963)	F. O'Donnell
Third Appraisal	280,000	(1974)	J. Cullen
Rec. Max. Acq. Price	\$280,000		

This parcel is a public parking lot located on Foster's Wharf, adjacent to Rowe's Wharf.

The lot contains approximately 60,011 sq. ft. of land of which approximately 38,430 sq. ft. is solid land, 10,027 sq. ft. is on piles and 2,425 sq. ft. is dock (water). Approximately 50,000 sq. ft. is usable for parking purposes.

The first appraiser, John C. Kiley, Jr., appraised the parcel originally in 1966 for \$180,000. The daily rate for parking at that time was \$1.25. The assessed valuation of the parcel in 1966 was \$168,700. The rate for parking now is \$2.00 per day. The property is presently assessed for \$350,000.

The owner of this parcel, General Land Corp. (Frank Sawyer), has refused to furnish the appraisers with any operating figures. Consequently, the appraisers are obliged to estimate income and expenses.

The first appraiser, John C. Kiley, Jr., estimated receipts of \$115,000, expenses and operator's profit of \$26,500 (exclusive of real estate taxes) and a net income of \$88,500. He capitalized the net at 10% return and 19.6% for taxes. His capitalized value was \$297,000.

The second appraisal was made in 1963. The area of the parcel changed subsequent to his appraisal when part of the parcel was sold. This appraisal was given no consideration.

The third appraiser, John S. Cullen, estimated gross receipts of \$114,500. His estimated expenses, including real estate taxes, amounted to \$58,000. He capitalized a net of \$27,875 @10% for a value of \$279,000.

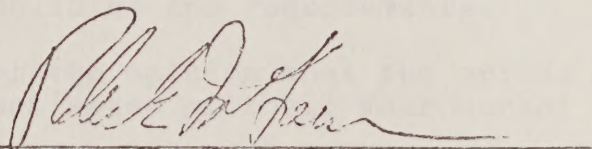
Mr. Cullen used a tax expense of \$53,000. The actual real estate tax bill for 1973 was \$68,845.

Although both appraisers, Kiley and Cullen, included comparable sales in their respective reports, they gave greatest weight to the Income Approach. Both considered the property overassessed and reduced the actual tax expense. They reasoned that the increased assessment reflected, in part, enhancement in value attributable to urban renewal project improvements. In my judgment, their reasoning on this point is sound. I assume that the assessor's valuation takes into consideration all the public and private improvements that have been made pursuant to the urban renewal plan. On the other hand, the appraisers for the Authority estimate damages equal to the property's value unaffected by any knowledge of the impending taking. In general, the rule is that where the value of the land is enhanced or decreased because it is known that the land will be taken by eminent domain, the landowner is not entitled to an increase in value, or conversely, a decrease in value on this account

Other than for the treatment of the real estate tax expense, the two appraisers are pretty much in accord in regards to the income approach to value.

The final value for the parcel cannot be established until an engineering report is completed by Jackson & Moreland after the Authority acquires the property. The present owner refused to allow the engineer to enter the premises to inspect the wharf and pile area.

Accordingly, a value of \$280,000 is recommended at this time.



Robert E. McGovern
Real Estate Director

Concurred in by:



Arthur G. Coffey, Asst. General Counsel

4

EXECUTIVE SESSION

MEMORANDUM

May 2, 1974

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT T. KENNEY, DIRECTOR

SUBJECT: WATERFRONT PROJECT - MASS. R-77
Establishment of Fair Market Value
Certificate No. 1 - Parcels 104B-3B and 85-4

It is requested that you approve and certify the fair market value of the parcels listed on the attached certificate.

The parcels have been appraised by two qualified, independent fee appraisers. The appraisals have been reviewed by staff appraisers, under the supervision of the Real Estate Director, in accordance with applicable State law, the Real Property Acquisition Policies Act of 1970, Public Law 91-646, and the Department of Housing and Urban Development policies and requirements.

The Real Estate Director is of the opinion that the prices for these parcels are reasonable estimates of their fair market value.

The General Counsel concurs with the prices recommended.

